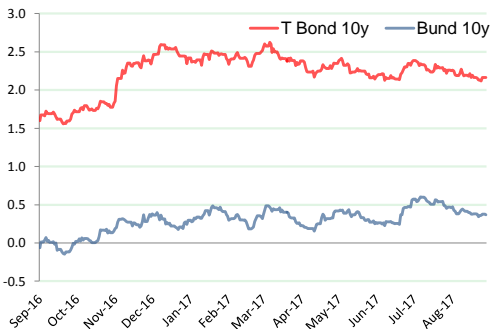


MORNING BOND UPDATE

Monday, September 04, 2017



	Last	Prev	02.janv
US 2y	1.34	1.34	0.70
US 10y	2.17	2.17	2.20
Germany 2y	-0.74	-0.73	-0.10
Germany 10y	0.37	0.38	0.54
France 2y	-0.53	-0.51	-0.05
France 10y	0.68	0.69	0.81
Swiss 2y	-0.83	-0.83	-0.28
Swiss 10y	-0.13	-0.12	0.32
Australia 2y	1.83	1.86	2.21
Australia 10y	2.62	2.66	2.87

T Bonds

** **U.S. Treasury** yields rose on Friday as strong manufacturing data boosted sentiment that economic growth is solid, even after the August jobs report was weaker than economists expected.

The Institute for Supply Management said its index for factory activity soared to 58.8 in August, the highest reading since April 2011.

U.S. consumer sentiment also climbed in August.

"It's more positive data, rolling on what was although not a great employment report, nothing to worry about either," said an analyst.

The Labor Department said earlier on Friday that nonfarm payrolls increased by 156,000 last month, below expectations. Average hourly earnings rose three cents, or 0.1 percent, after advancing 0.3 percent in July.

Treasury yields fell immediately after the report on what analysts said was a data provider erroneously showing a downward revision in July wage growth.

After it became clear there was no such revision, yields turned higher.

"People initially looked at the hourly earnings, the revision down. That's been changed," said an analyst.

Benchmark 10-year yields fell to 2.10 percent in the immediate aftermath of the jobs data. They rose to 2.16 percent after the strong manufacturing figures.

The Federal Reserve is expected to announce plans to pare its balance sheet at its September meeting, with an interest rate hike in December also viewed as possible.

The jobs data "still sets up for the balance sheet reduction in September, and we'll still see a 50/50 chance of a December rate hike," an analyst said.

Trading volumes have fallen as investors hesitate to buy Treasuries with yields near their lowest levels since late last year.

On Tuesday, 10-year Treasury yields dropped as low as 2.086 percent, the lowest since Nov. 10, on safety buying after North Korea fired a ballistic missile over Japan's northern Hokkaido island into the sea.

August was the best month for Treasuries since June 2016, with a total return of 1.13 percent, according to Bank of America/Merrill Lynch Fixed Income Index data.

Some Treasury bill yields also jumped on Friday on concern over whether the U.S. government will be able to raise the debt ceiling later this month.

Yields on bills that mature on Oct. 5 jumped to 1.25 percent, up from 1.11 percent late on Thursday.

European Union

** **Euro zone** government bond yields rose across the board on Friday, reversing earlier falls, as the euro weakened and European Central Bank rate-setter Ewald Nowotny played down recent strength in the single currency.

Nowotny said the ECB will discuss how to initiate a careful withdrawal from its monetary stimulus, adding he would not over-interpret or dramatise the euro's sharp rise against the dollar.

ECB Vice President Vitor Constancio added on Friday that lifting euro zone inflation may be more difficult than earlier expected.

A report by Reuters on Thursday that euro strength is worrying a growing number of ECB policymakers had triggered a fall in bond yields, especially those in southern Europe which also opened lower on Friday.

But a combination of strong manufacturing data and Nowotny's comments resulted in a reversal of those early moves which gathered pace as the euro weakened against the dollar.

"The key point was that he (Nowotny) had a relatively sanguine view on currency strength, which challenges the concerns raised yesterday by some policymakers about the euro," said an analyst.

He added the caveat that Nowotny is one of the more hawkish members of the ECB Governing Council.

Euro zone manufacturing activity accelerated in August, clocking the fastest rise in export orders since February 2011 despite a strengthening currency, a business survey showed.

Germany's benchmark 10-year bond yield was up 1.5 basis points at 0.38 percent.

German 30-year yields were set for their biggest one-day rise since late July with a rise of 5 basis points to around 1.17 percent.

Italian and Spanish 10-year borrowing costs, were up 3 bps each, having dropped 3 bps in early trade.

A sell-off in euro zone bonds accelerated in afternoon trade as the euro weakened against the dollar after closely-anticipated U.S. jobs numbers.

The U.S. economy created 156,000 new jobs last month, below analyst expectations for a gain of 180,000 but considered sufficiently strong to support the possibility of another rate rise from the U.S. Federal Reserve this year.

Analysts said a weaker euro may have eased bond investor concerns about the dampening impact a strong currency has on inflation, pushing bond yields up.

A key gauge of the market's long-term inflation expectations rose to its highest level since May, close to 1.62 percent.

"It looks like the currency that's driving bonds this afternoon," said an analyst. "The weakening of the currency will have the reverse effect on inflation."

Euro zone inflation rose more than expected in August, data showed on Thursday, but at 1.5 percent was still well below the ECB target of just below 2 percent.

Other Markets :

** **Australia's** weakening consumer sentiment may leave Reserve Bank of Australia little option but to keep its benchmark interest rate unchanged at a record-low 1.5 percent on Tuesday.

The country's consumer confidence reading in August was at its weakest level since 2008, although indicators for business conditions are in the opposite direction at a nine-year high.

DAILY BOND LIST

Monday, September 04, 2017

ISIN	Ccy	Issue Size M.	Min. Unit K	Incr. Unit K	Coupon %	Coupon Type	Name	Country of Risk	Maturity	Ind. Ask Price	Yield %	Rating S&P	Rating Moody's
Investment Grade New Issues													
<i>*watchlist for downgrade</i>													
USU05526AE50	USD	2250	2	1	2.297	FIXED	BAT CAPITAL CORP	GB	14.08.2020	100.52	2.11	BBB+	Baa2
USU05526AF26	USD	1000	2	1	1.905	FLOATING	BAT CAPITAL CORP	GB	14.08.2020	100.12	1.87	BBB+	Baa2
XS1645684587	USD	500	200	1	2.75	FIXED	CHINA GRT WALL INTL III	HK	31.08.2020	99.91	2.78	#N/A N/A	Baa1
USU05526AG09	USD	2250	2	1	2.764	FIXED	BAT CAPITAL CORP	GB	15.08.2022	100.69	2.61	BBB+	Baa2
USU05526AH81	USD	750	2	1	2.195	FLOATING	BAT CAPITAL CORP	GB	15.08.2022	99.94	2.21	BBB+	Baa2
US579780AL12	USD	750	2	1	2.7	FIXED	MCCORMICK & CO	US	15.08.2022	100.91	2.50	BBB	Baa2
USY3815NAY77	USD	600	200	1	3	FIXED	HYUNDAI CAPITAL SERVICES	KR	29.08.2022	99.92	3.02	A-	Baa1
XS1645684660	USD	1000	200	1	3.125	FIXED	CHINA GRT WALL INTL III	HK	31.08.2022	99.80	3.17	#N/A N/A	Baa1
US579780AM94	USD	700	2	1	3.15	FIXED	MCCORMICK & CO	US	15.08.2024	101.79	2.86	BBB	Baa2
USU05526AJ48	USD	2500	2	1	3.222	FIXED	BAT CAPITAL CORP	GB	15.08.2024	100.97	3.07	BBB+	Baa2
US579780AN77	USD	750	2	1	3.4	FIXED	MCCORMICK & CO	US	15.08.2027	101.36	3.24	BBB	Baa2
USU05526AK11	USD	3500	2	1	3.557	FIXED	BAT CAPITAL CORP	GB	15.08.2027	101.42	3.39	BBB+	Baa2
USY3815NAZ43	USD	300	200	1	3.625	FIXED	HYUNDAI CAPITAL SERVICES	KR	29.08.2027	100.12	3.61	A-	Baa1
XS1645684827	USD	500	200	1	3.875	FIXED	CHINA GRT WALL INTL III	HK	31.08.2027	99.00	4.00	#N/A N/A	Baa1
US37045VAN01	USD	750	2	1	4.2	FIXED	GENERAL MOTORS CO	US	01.10.2027	101.36	4.03	BBB	Baa3
XS1623981641	EUR	400	100	1	1.35	FIXED	SHOUGANG GROUP	CN	07.08.2020	100.72	1.10	#N/A N/A	#N/A N/A
XS1664643746	EUR	1100	100	1	0.171	FLOATING	BAT CAPITAL CORP	GB	16.08.2021	100.41	0.07	BBB+	Baa2
XS1678629186	EUR	200	1	1	0.875	FIXED	GRENKE FINANCE PLC	DE	07.10.2022	100.18	0.84	#N/A N/A	#N/A N/A
XS1664644710	EUR	750	100	1	1.125	FIXED	BAT CAPITAL CORP	GB	16.11.2023	101.75	0.83	BBB+	Baa2
XS1678966935	EUR	650	100	1	1.75	FIXED	CNH INDUSTRIAL FIN EUR S	GB	12.09.2025	99.67	1.80	BBB-	Baa2
XS1673102734	EUR	600	100	1	1.5	FIXED	ISS GLOBAL A/S	DK	31.08.2027	99.84	1.52	BBB	Baa2
XS1651071950	EUR	700	100	1	1.95	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2029	100.14	1.94	BBB	Baa2
XS1672151492	EUR	750	100	1	1.75	FIXED	HOLCIM FINANCE LUX SA	CH	29.08.2029	99.15	1.83	BBB	Baa2
XS1664644983	EUR	1250	100	1	2.25	FIXED	BAT INTL FINANCE PLC	GB	16.01.2030	102.62	2.01	BBB+	Baa2
XS1651072099	EUR	700	100	1	2.875	FIXED	THERMO FISHER SCIENTIFIC	US	24.07.2037	100.83	2.82	BBB	Baa2
AU3FN0037891	AUD	300	10	10	2.7067742	FLOATING	FBG FINANCE PTY LTD	BE	06.09.2022	100.19	3.20	#N/A N/A	A3e
AU3CB0246650	AUD	550	10	10	3.25	FIXED	FBG FINANCE PTY LTD	BE	06.09.2022	100.24	3.20	#N/A N/A	A3e
XS1665510134	AUD	300	2	1	3.604	FIXED	SUMITOMO MITSUI FINL GRP	JP	07.03.2023	100.52	3.50	A-	A1
XS1665510308	AUD	450	2	1	2.9385484	FLOATING	SUMITOMO MITSUI FINL GRP	JP	07.03.2023	100.11	3.50	A-	A1
AU3CB0246668	AUD	650	10	10	3.75	FIXED	FBG FINANCE PTY LTD	BE	06.09.2024	100.50	3.67	#N/A N/A	A3e
XS1674925505	GBP	350	100	1	2.25	FIXED	GENERAL MOTORS FINL CO	US	06.09.2024	99.89	2.27	BBB	Baa3
XS1645518496	GBP	625	100	1	2.646	FIXED	ANNINGTON FUNDING PLC	GB	12.07.2025	102.98	2.23	(P)BBB	#N/A N/A
XS1664647499	GBP	450	100	1	2.125	FIXED	BAT CAPITAL CORP	GB	15.08.2025	100.69	2.03	BBB+	Baa2
AU3CB0246676	AUD	450	10	10	4.1	FIXED	FBG FINANCE PTY LTD	BE	06.09.2027	100.04	4.09	#N/A N/A	A3e
Below Investment Grade New Issues													
USN3700LAC92	USD	350	200	1	4.875	FIXED	GREENKO DUTCH BV	IN	24.07.2022	100.74	4.70	#N/A N/A	Baa2
XS1637076164	USD	700	200	1	4.75	FIXED	COUNTRY GARDEN HLDGS	CN	25.07.2022	102.00	4.29	#N/A N/A	Baa1
CH0370943570	CHF	75	5	5	3.625	FIXED	HELVETIA ENVIRON GROUP	CH	26.07.2022	105.09	2.50	#N/A N/A	#N/A N/A
XS1577956516	GBP	370	100	1	5	FIXED	MCLAREN FINANCE PLC	GB	01.08.2022	100.67	4.84	(P)B	(P)B2
USL0427PAA41	USD	400	2	1	6.125	FIXED	ATENTO LUXCO 1 SA	ES	10.08.2022	104.05	5.18	#N/A N/A	Baa3
USG65309AA76	USD	250	200	1	5.75	FIXED	MCLAREN FINANCE PLC	GB	01.08.2022	103.24	4.99	(P)B	(P)B2
USN3700LAB10	USD	650	200	1	5.25	FIXED	GREENKO DUTCH BV	IN	24.07.2024	100.92	5.09	#N/A N/A	Baa2
XS1651444140	EUR	650	100	1	2.125	FIXED	EUROFINS SCIENTIFIC SE	LU	25.07.2024	101.77	1.85	#N/A N/A	#N/A N/A
USG9328DAP53	USD	1000	200	1	6.125	FIXED	VEDANTA RESOURCES PLC	IN	09.08.2024	101.28	5.90	B+	B3
USC4949AAE04	USD	500	2	1	4.5	FIXED	KINROSS GOLD CORP	CA	15.07.2027	100.20	4.47	BB+	Baa1

Expected New Issues

Bold type : new entries of the day

For a complete bond selection please check the weekly bond list on intranet. For further informations please call the Transactions Desk at +41 58 321 96 44

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